

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION,  
THROUGH THE SUPERVISOR OF DISTRICT 1, FOR AN ORDER REQUIRING THE  
ESTATE OF GP SIMS TO BRING FOUR WELLS INTO COMPLIANCE WITH  
19.15.4.201 NMAC, ASSESSING AN APPROPRIATE CIVIL PENALTY IN THE EVENT  
OF NON-COMPLIANCE, AUTHORIZING THE DIVISION TO PLUG SAID WELLS  
AND ORDERING A FORFEITURE OF THE APPLICABLE PLUGGING BOND; LEA  
COUNTY, NEW MEXICO,**

**Respondent.**

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CASE NO. 13576

**AGREED ORDER DIRECTING COMPLIANCE  
AND ASSESSING CIVIL PENALTY**

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, as amended ("Act"), the Director of the Oil Conservation Division ("OCD") issues this Order to **THE ESTATE OF G.P. SIMS** (hereinafter, "G.P. Sims"), directing compliance with the Act and the OCD Rules, and assessing a penalty for violations of the Act and OCD Rules.

**FINDINGS**

1. The OCD is the state division charged with administration and enforcement of the Act and OCD Rules.
3. The Estate of G.P. Sims (hereinafter, "G.P. Sims") is an individual doing business in the State of New Mexico.
4. G.P. Sims is the operator of record under OGRID 197936 for the following wells:
  - A. Gulf State #1 well, API # 30-025-03533, located at Unit Letter K, Section 33, Township 21 South, Range 35 East, in Lea County, New Mexico ("subject well A");
  - B. Gulf State #2 well, API # 30-025-03534, located at Unit Letter L, Section 33, Township 21 South, Range 35 East, in Lea County, New Mexico ("subject well B");
  - C. Vivian Gulf #1 well, API # 30-025-22617, located at Unit Letter D, Section 30, Township 22 South, Range 38 East, in Lea County, New Mexico ("subject well C");and

- D. Vivian Gulf # 2 well, API # 30-025-22897, located at Unit Letter C, Section 30, Township 22 South, Range 38 East, in Lea County, New Mexico ("subject well D").
5. The Hartford Accident & Indemnity Company (hereinafter, "Surety") issued and is the surety on a blanket plugging well bond, number 4375237, posted by the Operator, G. P. Sims, pursuant to Section 70-2-14, NMSA 1978. The bond identifies the principal as the "Estate of G. P. Sims" and is in the amount of \$50,000.00 to secure the G.P. Sims' obligation to plug and abandon the subject wells in compliance with the rules of the OCD.
  6. OCD Rule 19.15.4.201 NMAC requires an operator to plug and abandon or temporarily abandon a well in accordance with Division rules within 90 days after a period of one year of continuous inactivity.
  7. OCD Rule 19.15.4.202 NMAC sets forth the procedures to properly plug and permanently abandon a well.
  8. OCD Rule 19.15.4.203 NMAC sets forth the procedures for putting the wells on properly temporarily abandonment status and / or returning the subject wells to an OCD approved beneficial use.
  9. The subject wells have each been inactive for a continuous period exceeding one year plus 90 days, and have neither been plugged and abandoned or temporarily abandoned pursuant to OCD Rule 19.15.4.201.
  10. NMSA 1978, Section 70-2-31(A) authorizes the assessment of civil penalties of up to one thousand dollars per day per violation against any person who knowingly or willfully violates any provision of the Oil and Gas Act or any rule adopted pursuant to the Act.
  11. OCD Rule 19.15.101(M) NMAC authorizes the Director to order the operator to plug and abandon any well not in compliance with 19.15.4.201 NMAC by a date certain, and to direct the OCD to forfeit the bond and cause such well(s) to be plugged in accordance with an OCD approved plugging program if, after the time provided in such order, the operator has failed to plug the well.
  12. On September 20, 2005, the OCD filed an Application for an Order requiring G.P. Sims to plug said wells and in the event of non-compliance, requesting a civil penalty, authorizing the OCD to plug the wells and ordering a forfeiture of the applicable plugging bond.
  13. Prior to the scheduled hearing of October 20, 2005 for OCD's Application, G.P. Sims requested to be allowed to plug said wells in accordance with a November 6, 2001 proposal it submitted to the OCD for each well. *See Exhibit 1, attached hereto by reference and made a part hereof.*

## CONCLUSIONS

1. The OCD has jurisdiction over the parties and subject matter in this proceeding.
2. G.P. Sims is a person subject to civil penalties for knowing and willful violations of the Oil and Gas Act or OCD Rules.
3. G.P. Sims knowingly and willfully violated the terms of OCD Rule 19.15.4.201 NMAC by failing to plug and abandon or temporarily abandon the four above wells after a period of one year and ninety days of continuous inactivity.

## ORDER AND CIVIL PENALTY

1. G.P. Sims shall properly plug and abandon the above listed wells by February 15, 2006, in accordance to the procedures set out in Exhibit 1 and pursuant to Division Rule 19.15.4.202 NMAC.
2. The OCD hereby assesses a civil penalty of Four Thousand Dollars (\$4,000.00) against G.P. Sims for failing to plug and abandon the subject wells in accordance with OCD Rule 19.15.4.201 NMAC, but which penalty is waived by the OCD provided that G.P. Sims plugs and abandons said wells in compliance with Ordering paragraph 1, above.
3. If G.P. Sims fails to comply with Ordering paragraph 1, above, then the penalty of Four Thousand Dollars and no cents (\$4,000.00) shall immediately become due and payable. Payment shall be made by certified or cashier's check made payable to the "New Mexico Oil Conservation Division" and mailed or hand-delivered to the New Mexico Oil Conservation Division, Attention: Director, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505.
5. By signing this Order, G.P. Sims expressly:
  - a) acknowledges the correctness of the Findings and Conclusions set forth in this Order;
  - b) agrees to comply with Ordering Paragraphs 1, 2 and 3;
  - c) waives any right, pursuant to the Oil and Gas Act or otherwise, to a hearing either prior or subsequent to the entry of this Order or to an appeal from this Order; and
  - d) agrees that if it fails to comply with this Order, the Order may be enforced by suit or otherwise to the same extent and with the same effect as a final Order of the OCD entered after notice and hearing in accordance with all terms and provisions of the Oil and Gas Act (NMSA 1978, Sections 70-2-1 through 70-2-38, as amended).

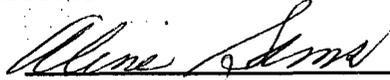
Done at Santa Fe, New Mexico this 22<sup>nd</sup> day of Nov, 2005.

By:   
MARK FESMIRE, P.E., Director  
Oil Conservation Division

**ACCEPTANCE**

The Estate of G.P. Sims hereby accepts the foregoing Order, and agrees to all of the terms and provisions set forth in the Order.

THE ESTATE OF G.P. SIMS

By: 

Title: *Per. Rep. Est of G.P. Sims*

Date: 11-16-05